



Digital Token Identifier Foundation (DTIF)

✉ secretariat@dtif.org

2 March 2023

To: Director – Crypto Policy Unit

Re: The Australian Government (the Treasury) Token Mapping Consultation Paper

Dear Sir / Madam,

The Digital Token Identifier Foundation (DTI Foundation) is a non-profit division of Etrading Software Ltd and the Registration Authority for the International Organization for Standardization (ISO) 24165 Digital Token Identifier (DTI) standard¹.

The DTI assists market participants and public authorities to unambiguously identify digital assets and DLTs, using ISO standards. In the European Union, the DTI has been recommended by the European Securities and Markets Authority (ESMA) for use under the Distributed Ledger Technology (DLT) Pilot regulatory regime which starts on 23 March 2023².

We are responding to your consultation paper, referenced above, in our capacity as the Registration Authority for the ISO 24165 DTI standard and have responded to those questions directly relevant to the DTI Foundation's remit.

Additionally, we are aware that the ISO Standards Advisory Group of Technical Committee 68³ (the ISO Committee which oversees the DTI standard) has also responded to your consultation, setting out the benefits of ISO 24162, and we support their response.

¹ [ISO - ISO 24165-1:2021 - Digital token identifier \(DTI\) — Registration, assignment and structure — Part 1: Method for registration and assignment](#)

² [esma70-460-111 report on the dlt pilot regime.pdf \(europa.eu\)](#) (See page 54)

³ [ISO - ISO/TC 68 - Financial services](#)

We are at your disposal to address any questions you may have and would welcome the opportunity to discuss the DTI standard further with you. Please do not hesitate to contact us at DTIF secretariat (secretariat@dtif.org).

We hope our comments are useful for the progress of your work.



DTIF RESPONSE – The Australian Government (the Treasury) Token Mapping Consultation Paper

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General Comments

The ISO 24165 Digital Token Identifier standard (DTI)⁴ caters for the identification of digital assets and includes representation of tokenized financial instruments, e-money tokens as well as other digital assets such as cryptocurrencies, virtual currencies, utility tokens, stablecoins, etc.

The design of the DTI explicitly caters for consistency with the International Securities Identification Number (ISIN) standard (ISO 6166)⁵ which is already embedded within the existing regulatory regime. The DTI record contains fields to link the DTI to external identifiers such as the ISIN and the DTI Foundation will include the corresponding ISIN within these fields.

DTI is technology neutral (adhering to technology neutrality principle of Australian regulatory frameworks), abstracting the technical complexity of different crypto networks. It facilitates interoperability by providing heterogeneous systems with a standard way to refer to different networks and assets.

We agree with the paper's finding that an exhaustive taxonomy for digital assets is counterproductive as many assets carry out various roles. The DTI standard makes the same distinction between the tokens as the paper: Network tokens (identified as native tokens in the standard) and Public Smart Contracts (identified as auxiliary tokens).

Specific Answers

Q2) What are your views on potential safeguards for consumers and investors?

⁴ [ISO - ISO 24165-1:2021 - Digital token identifier \(DTI\) — Registration, assignment and structure — Part 1: Method for registration and assignment](#)

⁵ ISIN is a uniform structure for the identification of financial instruments as well as referential instruments - <https://www.iso.org/standard/78502.html>

We agree with the consultation paper that scams continue to pose a significant challenge to crypto markets. We believe that one of the potential safeguards for consumers and investors is the ability to uniquely identify crypto assets and crypto networks: the ISO 24165 Digital Token Identifier standard (DTI) was designed for this specific purpose.

Crypto Assets

As stated in the paper, anyone with a connection to the internet can create a smart contract with a name of Bitcoin, BTC or wBTC. The DTI uniquely identifies any digital asset based on objective and publicly verifiable technical characteristics of the digital asset. Inclusion of the digital asset in the registry maintained by the DTI Foundation and the issuance of a DTI guarantees the existence of the asset and its 1:1 relationship to its identifier (a DTI) in all circumstances, including after complex events such as forks on a blockchain. For example, the Bitcoin has been issued a DTI of 4H95J0R2X; including this DTI in the transaction ensures that the customers and investors are buying/selling the correct currency.

The DTI also provides the following benefits:

- In the case of a fork on the blockchain containing a crypto asset, each fork will contain its own copy of the original asset. The DTI provides regulators and participants with the ability to uniquely identify which copy of the asset represents the instrument after the fork event.
- In the case of the same digital asset trading on multiple blockchains, the addition of the DTI enables market participants to identify the specific crypto network associated with any price or trade and therefore enhances market transparency by enabling analysis of best prices per network. Regulators will also be able to take into account the network where a given trade occurred when performing their market abuse monitoring function.
- In the case where multiple crypto assets on different networks are deemed to be functionally fungible, a DTI can be issued to represent the group of crypto assets. In this scenario, the DTI can enhance market transparency by enabling aggregation of the order and market data across multiple networks.

Crypto Networks

As we saw during the Terra/Luna network collapse in 2022, the risk to consumers is not limited to fraudulent digital assets. The collapse of the Luna stablecoin triggered a suspension of block processing by network nodes, impacting the transactions of all smart contracts on the network. We agree with the paper's findings that whilst the use of smart contracts may result in the "removal of counterparty risk", this benefit may be limited due to the risk being replaced by aggravating user's exposure to technology, model, compliance, and other risks.

We believe it is therefore important for consumers and regulators to also be able to uniquely identify Crypto Networks. The DTI guarantees this uniqueness based on objective and verifiable technical data. The DTI can also handle fork events, uniquely identifying two or more networks by recording the fork history as part of the metadata.

Q3) Scams can be difficult for some consumers to identify.

- a) Are there solutions (e.g. disclosure, code auditing or other requirements) that could be applied to safeguard consumers that choose to use crypto assets?**
- b) What policy or regulatory levers could be used to ensure crypto token exchanges do not offer scam tokens or more broadly, prevent consumers from being exposed to scams involving crypto assets?**

The DTI assists market participants and public authorities to unambiguously identify digital assets and DLTs using ISO standards. EU regulator, ESMA, has recommended use of the DTI under the EU DLT Pilot regulatory regime which starts on 23 March 2023⁶. The DTI also enables:

- regulators to monitor digital asset trades for anti-money laundering and combating terrorist financing requirements
- regulators to monitor systemic risks arising from the trading of stable-coins and other digital assets; and
- assists financial institutions to monitor market data for tokenized securities using globally standardized reference data.

⁶ [esma70-460-111_report_on_the_dlt_pilot_regime.pdf\(europa.eu\)](https://esma70-460-111_report_on_the_dlt_pilot_regime.pdf(europa.eu)) (See page 54)